

115TH CONGRESS  
1ST SESSION

# H. R. 4711

To create protections for depository institutions that provide financial services to industrial hemp legitimate businesses, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 21, 2017

Mr. BARR (for himself, Mr. HIMES, and Mr. POLIS) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To create protections for depository institutions that provide financial services to industrial hemp legitimate businesses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Industrial Hemp  
5 Banking Act”.

6 **SEC. 2. SECURE AND FAIR ENFORCEMENT OF THE BANK-**  
7 **ING LAWS.**

8 (a) SAFE HARBOR FOR DEPOSITORY INSTITU-  
9 TIONS.—A Federal banking regulator may not—

1           (1) terminate or limit the deposit insur-  
2           ance or share insurance of a depository institu-  
3           tion under the Federal Deposit Insurance Act  
4           (12 U.S.C. 1811 et seq.) or the Federal Credit  
5           Union Act (12 U.S.C. 1751 et seq.) solely be-  
6           cause the depository institution provides or has  
7           provided financial services to an industrial  
8           hemp legitimate business;

9           (2) prohibit, penalize, or otherwise discour-  
10          age a depository institution from providing fi-  
11          nancial services to an industrial hemp legiti-  
12          mate business or to a State or political subdivi-  
13          sion of a State that exercises jurisdiction over  
14          industrial hemp legitimate businesses;

15          (3) recommend, incentivize, or encourage a  
16          depository institution not to offer financial serv-  
17          ices to an account holder, or to downgrade or  
18          cancel the financial services offered to an ac-  
19          count holder solely because—

20                (A) the account holder is the owner,  
21                operator, or employee of an industrial  
22                hemp legitimate business;

23                (B) the account holder later becomes  
24                an owner or operator of an industrial hemp  
25                legitimate business; or

1 (C) the depository institution was not  
2 aware that the account holder is the owner  
3 or operator of an industrial hemp legiti-  
4 mate business; and

5 (4) take any adverse or corrective super-  
6 visory action on a loan made to an owner or op-  
7 erator of—

8 (A) an industrial hemp legitimate  
9 business, solely because the owner or oper-  
10 ator owns or operates an industrial hemp  
11 legitimate business; or

12 (B) real estate or equipment that is  
13 leased to an industrial hemp legitimate  
14 business, solely because the owner or oper-  
15 ator of the real estate or equipment leased  
16 the equipment or real estate to an indus-  
17 trial hemp legitimate business.

18 (b) PROTECTIONS UNDER FEDERAL LAW.—

19 (1) IN GENERAL.—In a State or a political sub-  
20 division of a State that allows for industrial hemp le-  
21 gitimate businesses, a depository institution that  
22 provides financial services to an industrial hemp le-  
23 gitimate business, and the officers, directors, and  
24 employees of that depository institution may not be

1 held liable pursuant to any Federal law or regula-  
2 tion—

3 (A) solely for providing such financial serv-  
4 ices pursuant to the law or regulation of such  
5 State or political subdivision; or

6 (B) for further investing any income de-  
7 rived from such financial services.

8 (2) FORFEITURE.—A depository institution  
9 that has a legal interest in the collateral for a loan  
10 or another financial service provided to an owner or  
11 operator of an industrial hemp legitimate business,  
12 or to an owner or operator of real estate or equip-  
13 ment that is leased or sold to an industrial hemp le-  
14 gitimate business, shall not be subject to criminal,  
15 civil, or administrative forfeiture of that legal inter-  
16 est pursuant to any Federal law for providing such  
17 loan or other financial service.

18 (c) RULE OF CONSTRUCTION.—Nothing in this sec-  
19 tion shall require a depository institution to provide finan-  
20 cial services to an industrial hemp legitimate business.

21 (d) REQUIREMENTS FOR FILING SUSPICIOUS ACTIV-  
22 ITY REPORTS.—Section 5318(g) of title 31, United States  
23 Code, is amended by adding at the end the following:

24 “(5) REQUIREMENTS FOR INDUSTRIAL HEMP  
25 LEGITIMATE BUSINESSES.—A financial institution or

1 any director, officer, employee, or agent of a finan-  
2 cial institution that reports a suspicious transaction  
3 pursuant to this subsection and the reason for the  
4 report relates to an industrial hemp legitimate busi-  
5 ness (as defined in section 2 of the Industrial Hemp  
6 Banking Act), the report shall comply with appro-  
7 priate guidance issued by the Financial Crimes En-  
8 forcement Network. The Secretary shall ensure that  
9 the guidance is consistent with the purpose and in-  
10 tent of the Industrial Hemp Banking Act and does  
11 not inhibit the provision of financial services to an  
12 industrial hemp legitimate business in a State or po-  
13 litical subdivision of a State that allows for indus-  
14 trial hemp legitimate businesses.”.

15 (e) DEFINITIONS.—In this section:

16 (1) DEPOSITORY INSTITUTION.—The term “de-  
17 pository institution” means—

18 (A) a depository institution as defined in  
19 section 3(c) of the Federal Deposit Insurance  
20 Act (12 U.S.C. 1813(c));

21 (B) a Federal credit union as defined in  
22 section 101 of the Federal Credit Union Act  
23 (12 U.S.C. 1752); or

1           (C) a State credit union as defined in sec-  
2           tion 101 of the Federal Credit Union Act (12  
3           U.S.C. 1752).

4           (2) FEDERAL BANKING REGULATOR.—The  
5           term “Federal banking regulator” means each of the  
6           Board of Governors of the Federal Reserve System,  
7           the Bureau of Consumer Financial Protection, the  
8           Federal Deposit Insurance Corporation, the Office of  
9           the Comptroller of the Currency, the National Credit  
10          Union Administration, or any Federal agency or de-  
11          partment that regulates banking or financial serv-  
12          ices, as determined by the Secretary of the Treas-  
13          ury.

14          (3) FINANCIAL SERVICE.—The term “financial  
15          service” means a financial product or service as de-  
16          fined in section 1002 of the Dodd-Frank Wall Street  
17          Reform and Consumer Protection Act (12 U.S.C.  
18          5481).

19          (4) INDUSTRIAL HEMP LEGITIMATE BUSI-  
20          NESS.—The term “industrial hemp legitimate busi-  
21          ness” means—

22                 (A) an institution of higher education (as  
23                 defined in section 101 of the Higher Education  
24                 Act of 1965 (20 U.S.C. 1001)) or a State de-  
25                 partment of agriculture that carries out an ag-

1           ricultural pilot program or other agricultural or  
2           academic research under which such institution  
3           of higher education or State department of ag-  
4           riculture, either itself or through a third  
5           party—

6                   (i) grows or cultivates industrial hemp  
7                   for purposes of research, and such re-  
8                   search actually occurs; and

9                   (ii) such growing or cultivation is car-  
10                  ried out pursuant to the laws of the State  
11                  in which such institution of higher edu-  
12                  cation or State department of agriculture  
13                  is located;

14                  (B) a third party that produces, manufac-  
15                  tures, sells, purchases, or transports industrial  
16                  hemp pursuant to, or otherwise participates in,  
17                  a program or research described under subpara-  
18                  graph (A); and

19                  (C) a person that engages in commerce  
20                  with industrial hemp products that are exempt-  
21                  ed from the definition of a controlled substance  
22                  under the Controlled Substances Act.

23                  (5) STATE.—The term “State” means each of  
24                  the several States, the District of Columbia, Puerto

1 Rico, and any territory or possession of the United  
2 States.

3 (6) AGRICULTURAL ACT OF 2014 DEFINI-  
4 TIONS.—The terms “agricultural pilot program”,  
5 “industrial hemp”, and “State department of agri-  
6 culture” have the meanings given those terms, re-  
7 spectively, under section 7606(b) of the Agricultural  
8 Act of 2014 (7 U.S.C. 5940(b)).

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